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ABSTRACT

This paper focuses on the experience of the Policy Education Centre on Assistance to Transition in providing monitoring and evaluation services to "Support for Improvement in Governance and Management in Central and Eastern European Countries" (SIGMA), a joint project of the Organization for Economic Cooperation and Development and the Poland and Hungary Assistance in Restructuring Economies program (PHARE). Part 1 of the paper describes the challenges of the experience in terms of context, program design, and performance monitoring. The SIGMA program was intentionally nonprescriptive, offering a menu of options about the types, speed, and sequencing of reforms, and the paths clients followed varied widely. Part 2 of the paper provides descriptions of how certain problems were addressed, such as the design and implementation of the monitoring and evaluation strategy, the process of establishing performance measurements, and the development of tools for data collection. The challenge to evaluators was to build suitable performance standards for reporting to stakeholders and users of assistance. Part 3 focuses on lessons learned and the outcome achievements of the monitoring and evaluation effort. Among the lessons learned were that an enabling environment for monitoring and evaluation requires senior management commitment and willingness to learn and that performance measures need to be defined for both service and program delivery. The need for the involvement of program customers from the beginning and the provision of adequate resources for monitoring and involvement are additional lessons that, like the other conclusions from this project, have implications for educational evaluation and the development and use of performance measures. Three appendixes describe SIGMA's development, methodological concerns, and sample methodology. (Contains 2 tables, 1 figure, and 14 references.) (SLD)

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Introducing Performance Measurements in the Evaluation of Assistance to Public Administration Reform in Central and Eastern Europe

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Glossary

CEE	Central and Eastern Europe
CEECs	Central and East European Countries
CCET	(OECD's) Centre for Cooperation with Economies in Transition
EU	European Union
MAR	Monthly Activity Report (of SIGMA)
M&E	Monitoring and Evaluation
OECD	Organization for Economic Cooperation and Development
PA	Public Administration
PAR	Public Administration Reform
PECAT	Policy Education Centre on Assistance to Transition
PHARE	Poland and Hungary: Assistance in Restructuring Economies
PM	Performance Measurement
PUMA	(OECD's) Public Management Service
SIGMA	(OECD's) Support for Improvement in Governance and Management in Central and Eastern Europe
SWOT	Strengths, Weaknesses, Opportunities and Threats
TA	Technical Assistance

Synopsis

This paper focuses on the experience of the Policy Education Centre on Assistance to Transition (PECAT) in providing monitoring and evaluation (M&E) services to SIGMA¹, a joint OECD/PHARE² program. Part 1 of the paper describes the challenges of the experience in terms of context, program design and performance monitoring. In a very dynamic and changing environment, clients followed individual and very differing reform paths, requiring assistance to be highly tailored and constantly adapted to new realities in policy, programs and staff. The SIGMA program was intentionally non-prescriptive, offering clients a menu of options regarding the types, velocities and sequencing of reforms. As the goals of the assistance program were not clearly defined, the evaluators were requested to assist SIGMA in developing suitable performance measurements.

Part 2 of the paper provides a description of how certain problems were addressed, such as the design and implementation of the M&E strategy, the process of establishing performance measurements, and the development of tools for data collection. The challenge to the evaluators was to build suitable performance standards for reporting to stakeholders and users of assistance (representing different levels of government and having different reform needs).

Finally, part 3 focuses on lessons learned and outcome achievements of the M&E effort, SIGMA's heightened awareness and commitment to M&E and their internalization of new formats to permit self-monitoring and assessment. At the operational level, this meant the successful use of information collection methods to keep up with the rapidly changing environment, the development of service performance measures acceptable to SIGMA, and SIGMA's stakeholders increased participation in program policy orientation.

Other lessons learned include the recognition that an enabling environment for M&E requires senior management commitment and willingness to learn and that performance measures need to be defined for both service and program delivery. The need from the beginning for significant involvement of program customers in M&E and provision of adequate resources for M&E services and functions also emerged as important lessons.

¹ Support for Improvement in Governance and Management in Central and Eastern European Countries

² The Organization for Economic Cooperation and Development based in Paris. The PHARE (Poland and Hungary: Assistance in Restructuring Economies) program was originally founded to assist Poland and Hungary in the restructuring of their economies but has since become the main European Union's mechanism for providing assistance to the Central and Eastern European countries.

Introducing Performance Measurements in the Evaluation of Assistance to Public Administration Reform in Central and Eastern Europe

I. Statement of the Challenge

With the end of the Cold War, many ex-communist countries began the transition to new economic, social and political systems and realities. In response there was a strong promise of Western support to assist these countries in reaching their goals. What began was one of the most unprecedented periods of change in peace time in the Region, characterized by great expectations, little if any relevant experience, significant differences of views on what and how things should change and extensive periods of administrative and political turnover.

Countries in transition and donors faced extraordinary challenges: how to determine needs and prioritize them, how to transfer concepts new for these countries into practice, how to develop new skills and ensure a culture shift and how to adapt to a constantly moving reality. This paper focuses on one experience in monitoring and evaluation (M&E) in Central and Eastern Europe (CEE) in which evaluators and program implementors had to adapt to and cope with the challenge of this context, the program design and a lack of suitable performance measures. This part of the paper elaborates on some of these challenges.

A. Context and Customers

Regional Scope

The years of transition since 1989 have demonstrated the sheer magnitude and complexity of the conditions under which CEE countries³ are striving to transform their public sector systems, economies, and societies. Each of the CEE countries has reached a varying stage of transition. They were affected by communism in different ways and their transition trajectories, political choices and economic strategies reflect their separate transition take-off points. These new democracies and market economies continue to face a very difficult external economic environment and unprecedented internal transformations, especially as related to the modernization of the public sector.

When assistance began to the region, it was often based on Western "generic" notions of what was needed. Neither recipients nor donors understood in any degree of detail what

³ Generally includes the three Baltic Republics, Poland, Hungary, Czech Republic, Slovak Republic, Bulgaria, Romania, Albania and Slovenia.

public administration reforms should entail. In the early years (1990-1993) movement in this sector was slow. Developments in reform, the internal dynamics of transition and the external environment eventually brought a confluence of agreement and an agenda for public administration reform (PAR), especially in countries hoping to be first integrated with Western Europe.

Public Administration Reform

The experience of the OECD countries shows that public administration reform is a long-term, multi-dimensional process, particularly when it concerns the overhaul of entire systems and structures of government. Given the mosaic of possible reform directions, there is a need to search for good experiences and options for building good governance.

As each CEE country entered transition the predominant view was to significantly reduce the role of the State. This has been recently replaced by a more mature understanding of the role of good governance for an efficient and competitive market economy. Political elites have now begun to recognize the need for a modern public administration.

There now exists in the majority of CEECs more political stability, which provides more opportunities for carrying out public administrative reforms.⁴ Consequently, the period of crisis management is receding and governments can now focus on strategic management reforms and their implementation. At the same time a high turn-over in public administration staff, caused by emerging opportunities in the new market economies, make the reform process difficult to achieve.

The last years of transition have highlighted the need for reform of the State. The complexity of the social/financial difficulties requires that the current, fragmented approach to reform should be replaced by a more comprehensive modernization of the State. This is true especially for the countries which in varying degrees have been exposed to a crisis in public finance.

Internal Dynamics

Since 1989, Central and Eastern European governments have concentrated on dismantling the inherited communist political and administrative structures and their command economies, rewriting laws to facilitate the emergence of democracy and free markets, and

⁴ Particularly during the first years of transition in many countries, with the exception of the Czech Republic, political instability was observed in the Region, which caused frequent modifications of personnel and policy and presents reformers and providers of assistance with a constantly shifting constituency and, consequently, with a continually fluctuating demand for services.

responding to the resulting shocks that have emerged. The changes have proven more difficult and more diverse than were originally anticipated.

The first phase of transition, marked by impressive gains in macro-economic stabilization and liberalization, was largely led by central governments with the support of Western assistance. These top-down, government-led transformations have now lost momentum by the end of their first phase. In some countries there has been limited progress with the reform of PA procedures and laws. This situation may reflect the fact the macro-economic reform packages were not accompanied by comprehensive institutional reform packages.

By now countries such as the Czech Republic, Hungary, Poland, Slovenia and to a lesser extent the Baltic States have advanced their reforms quickly and deeply to meet EU accession requirements. Others like Bulgaria and Romania are making fresh starts to revise their transition strategies; still others like Albania and the Slovak Republic have moved away from their initial transition paths. A slower pace of reform has emerged, even among advanced countries in certain sectors. If the slow-down of reform cannot be overcome, a danger exists that the CEE countries will stagnate at different stages in their transition, retaining many structural features from their communist past.

External Dynamics

With transition the CEE countries are becoming increasingly involved in international structures. Opportunities opened for membership in GATT, the World Bank, the Bank for International Settlement (BIS), the International Monetary Fund (IMF), and participation in structures of the Organization for Economic Cooperation and Development (OECD), such as the Centre for Cooperation with Economies in Transition (CCET) and association agreements with the European Union (EU). Appropriate country policies have had to be formulated to deal with a little known external environment. Interchange with the Western external environment has meant learning to define needs, secure support, negotiate and participate in ways unfamiliar to CEECs and for which they were, to a large extent, unprepared.

For the countries in the region, integration with the EU constitutes a paramount priority which has broad public and political party support. Even parties built from the previous communist ones have adopted the integration agenda. In signing the Europe Agreements with many CEE countries the EU has, in principle, acknowledged these states' intrinsic right to full membership in the Union. The CEE countries have increasing access to the EU market and are transforming their political, economic and social systems so as to meet EU

entry criteria. Supporting this is EU technical and other assistance, notably under the PHARE⁵ program.

"Dreams of European Union" are an important psychological factor in the domestic debate on economic and political developments. These aspirations provide a positive political environment for market-friendly economic policies, human rights policies and democratically-oriented solutions.

The major goal of EU assistance to the associated countries is progressive preparation for "integration into the internal market of the EU, through phased adoption of the Union's internal market *acquis*".⁶ The PHARE program assists the pre-accession measures: the development of infrastructure and the promotion of intra-regional and environmental cooperation. PHARE helps the CEE countries absorb the "*acquis communautaire*", and complete market and public sector reforms so as to create the conditions, as laid down in the EU White Paper, required for future membership.⁷

The OECD is increasingly outward-looking. Since first directing its attention to the region, it has extended its focus to assist all the CEE post-communist countries by providing support to developing a policy dialogue with these countries and by broadening intergovernmental cooperation to cover most economic, social policy and public administration domains. This program of support combines OECD and EU/PHARE assistance and is described in the next section.

B. The SIGMA Program

In May 1992, the SIGMA program was established as a joint initiative of the OECD/CCET and EU/PHARE to assist six Central and East European countries in the design and implementation of reform efforts for public administration. A major reason for launching the initiative was the assumption of being able to replicate the experience the OECD Public Management Service (PUMA) had gained with European Commission countries, such as Greece, Portugal, Spain and Turkey, in improving their systems of public service. The SIGMA program was expected to contribute to the CEECs transition to democratic and effective governance.

⁵ The PHARE (Poland and Hungary: Assistance in Restructuring Economies) program was originally founded to assist Poland and Hungary in the restructuring of their economies but has since become the main EU donor mechanism for providing assistance to the CEECs.

⁶ See European Council, Meeting on 9-10 December 1994 in Essen, Presidency Conclusions, Brussels, December, 1994, p. 8.

⁷ Ibid, p. 23.

SIGMA 1 (1992-1994) was evaluated in September 1993 and considered successful. Consequently, it was decided to continue the program and to expand it to five more countries. A major recommendation of the evaluation was the establishment of independent monitoring and evaluation services. Following the sixth meeting of SIGMA's Steering Committee (also known as Liaison Group),⁸ PECAT was selected by an open tender to provide such services for SIGMA 2 (1994 - 1996).

Table 1 summarizes the components and evolution of SIGMA's program design in Logical Framework form. It was compiled from the Liaison Group's program orientations, SIGMA 1 evaluation recommendations and related policy documents. Significant phase two changes in design included: the addition to the mandate of "support development of efficient and effective public institutions", the concept of "in search of good governance", increase in country coverage to a total of eleven⁹, re-prioritizing sectoral services and decreasing regional activities in favor of more individualized country projects. Other differences related to better tailoring services to client needs and changes in inputs in terms of organization and input performance measures.

SIGMA's service standards were (and continue to be in phase three): timeliness, rapid responsiveness, flexibility and high technical quality delivery, which are achieved through a core resource staff and maintaining networks of experienced professionals. Program services focus on the core management systems of government, namely: country reform strategy (sector 1), management of policy making (sector 2), expenditure management (sector 3), public service (sector 4), administrative oversight (sector 5) and information services (sector 6). Under SIGMA 2, the Liaison Group re-prioritized the service emphasis on sectors 2, 3, 4 and 6, as a result of resources constraints. Services are provided through traditional forms of technical assistance in multiple and continuous interventions: technical advice, training opportunities and, to a very limited extent, equipment. Considerable expansion in information sharing has allowed SIGMA to produce specialized products in the priority sectors and publish monthly progress reports and a quarterly newsletter.

The institutional and financial arrangements constitute a significant feature of the SIGMA technical assistance program. Built on the PUMA service concept, experience and network

⁸ The composition of the Group were representatives from each CEEC, donors and PHARE. Under SIGMA 2, the Group meets once a year, the agenda is prepared by SIGMA in consultation with the Group and the meetings are chaired by the head of PUMA.

⁹ SIGMA 1 countries: Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovak Republic; SIGMA 2 countries: the SIGMA 1 countries plus Albania, Estonia, Latvia, Lithuania and Slovenia. On January 1, 1993, Czechoslovakia split into the Czech and Slovak Republics.

TABLE1: SIGMA 1 AND 2 DESIGN (as defined in the Programme Orientations)

SIGMA 1	SIGMA 2												
<u>Goal:</u>	<u>Goal:</u> Well-functioning systems of governance contributing to management of transition, stabilization of democracy, base for managing market economy <u>Verifiable Indicators:</u> 11 systems conform with OECD country norms as in PUMA profiles												
<u>Purpose:</u> To support development of efficient & effective public institutions <u>Verifiable Indicators:</u> in all 6 E countries existence of sustained political attention to reform; central government capacities built up; central management agencies promote reform in public bodies responsible for delivering public services in priority areas.	<u>Purpose:</u> To support development of efficient and effective public institutions in search of good governance <u>Verifiable Indicators:</u> In 11 E countries reform units at Centre of Government leading, networking & developing reform policy statements												
<u>Outputs</u> - Multi- and single country actions: workshops, seminars, conferences to promote cooperation & networking, facilitate sharing experience in CEECs & relevant OECD countries - Study tours for key national reformers - Short-term TA to 6 countries in 6 PA areas, providing options rather than prescriptions - Information sharing 6 Country Profiles - Material dissemination - Coordination of external support - Create a momentum for and ensure continuity of PAR	<u>Outputs</u> - Less Multi-country work, narrower focus; continued multi- and single country actions: workshops, seminars, conferences - Design reform implementation mechanisms - Develop and build up PA networks in SIGMA countries - Short-term TA to 11 countries concentrated in 3 PA areas 5 New Country Profiles & update of 6 - Information services on PAR (as a new sector) - Increase written technical outputs for use by countries - Expanded mailing list & material dissemination - Legal documents reference library - Co-ordination and complementarity in implementing identified needs												
<u>Inputs</u> <table border="0"> <tr> <td><i>Structure</i></td><td><i>Budget: 5/92 - 5/94 (Million FF)</i></td></tr> <tr> <td> - Organization: - Exec. Management: Liaison Group - E Staff # : 17 - Operational Mgmt : (4) - Sector : (4) - Country : (9) - Programme: - Activity, Sub-activity: define work areas; - Project: defines country specific, objective-oriented work within a sub-activity; - Actions: are taken to implement a project </td><td> - PIHARE: (5/92-5/94) 25.94 - Others - OECD/CCET 2.33 - OECD/PUMA 0.48 - Denmark 0.92 - Turkey 0.06 - Netherlands 0.63 - Finland 0.22 - Canada 0.34 - Norway 0.10 - Austria 0.54 </td></tr> <tr> <td></td><td>Total 31.56</td></tr> </table>	<i>Structure</i>	<i>Budget: 5/92 - 5/94 (Million FF)</i>	- Organization: - Exec. Management: Liaison Group - E Staff # : 17 - Operational Mgmt : (4) - Sector : (4) - Country : (9) - Programme: - Activity, Sub-activity: define work areas; - Project: defines country specific, objective-oriented work within a sub-activity; - Actions: are taken to implement a project	- PIHARE: (5/92-5/94) 25.94 - Others - OECD/CCET 2.33 - OECD/PUMA 0.48 - Denmark 0.92 - Turkey 0.06 - Netherlands 0.63 - Finland 0.22 - Canada 0.34 - Norway 0.10 - Austria 0.54		Total 31.56	<u>Inputs</u> <table border="0"> <tr> <td><i>Structure</i></td><td><i>Budget: 6/94 - 6/96 (Million FF)</i></td></tr> <tr> <td> - Organization: - Exec. Management: Liaison Group - E Staff # : 27 - Operational Mgmt : (6) - Sector : (14) - Country : (7) - Programme: - Activity, Sub-activity: define work areas; - Project: defines country specific, objective-oriented work within a sub-activity; - Actions: are taken to implement a project - Input Performance Indicators - Even distribution of resources over E 2 - Overhead limited to 20% of Programme costs </td><td> - PIHARE: (6/94-6/96) 50.21 - Others - OECD/CCET 2.10 - OECD/PUMA 0.52 - Denmark 0.37 - Norway 0.37 - Netherlands 0.88 - Turkey 0.08 - Finland 0.31 - Canada 0.48 - Austria 1.76 - Sweden 0.60 - OMEGA 0.54 </td></tr> <tr> <td></td><td>Total 58.22</td></tr> </table>	<i>Structure</i>	<i>Budget: 6/94 - 6/96 (Million FF)</i>	- Organization: - Exec. Management: Liaison Group - E Staff # : 27 - Operational Mgmt : (6) - Sector : (14) - Country : (7) - Programme: - Activity, Sub-activity: define work areas; - Project: defines country specific, objective-oriented work within a sub-activity; - Actions: are taken to implement a project - Input Performance Indicators - Even distribution of resources over E 2 - Overhead limited to 20% of Programme costs	- PIHARE: (6/94-6/96) 50.21 - Others - OECD/CCET 2.10 - OECD/PUMA 0.52 - Denmark 0.37 - Norway 0.37 - Netherlands 0.88 - Turkey 0.08 - Finland 0.31 - Canada 0.48 - Austria 1.76 - Sweden 0.60 - OMEGA 0.54		Total 58.22
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of experts, SIGMA offered a menu of short-term (a few days to a week), strategically focused assistance in response to specific client needs. SIGMA followed standards of excellence and was strongly customer oriented. It was assumed recipients benefitting from such interventions could advance reforms on their own while being guided at critical stages by SIGMA expertise.

SIGMA funding arrangements have been unique in the OECD and heavily dependent on external financing, especially EU/PHARE: 82% of total support for phase 1 and 86% for phase 2. The PHARE backing assumed that SIGMA would become a lead technical assistance developer, providing the initial identification and planning support to customers. Once project concepts had matured sufficiently, they would be "passed on" to PHARE or other donors for major funding.

The difference in assistance philosophy between SIGMA and PHARE led to difficulties in communication, program implementation, coordination at country level and periodic resource mobilization. SIGMA had to carefully negotiate funding for the program while maintaining credibility and confidentiality with potential customers (e.g. cabinet offices, finance ministries, public administration offices).

Stakeholders, particularly PHARE, demanded that SIGMA show program results and relate these to other donor support efforts. The challenge for SIGMA lay in preserving program components which favored customers and its own way of doing business while demonstrating the program had achievements, was true to its mandate and delivered services appreciated by its customers. *The evaluators' challenge was how to merge SIGMA's strengths into a management process which focused on showing performance.*

C. Measures

SIGMA attempted during phase 1 to carefully document project formulation and implementation. It soon became apparent the multiple, small, short-term interventions did not lend themselves to the classic notion of "projects". SIGMA staff spent inordinate time and effort developing the documents and even forwarding them to PHARE for information purposes. It became clear that this approach simply did not contribute to performance management or effective reporting to stakeholders. The problem was two-fold: the units of action were too small to merit the level of effort and the "projects" generally lacked performance measures to provide SIGMA and stakeholders adequate feedback on problems and progress. It was also difficult to determine what constituted poor or successful performance. As a result, SIGMA 1 monthly reports provided information on "intervention events" by country and sector without giving a sense of the kind of contribution and/or continuity of purpose of such services.

At the overall program level, SIGMA 1 also had difficulties in showing performance as the design had very little in the way of measures with a related baseline which could be monitored and evaluated. This was less problematic at the input level, but was evident at the output and especially at the outcome level.

By SIGMA 2, these shortcomings still had not been resolved. Although the mandate was made somewhat more focused by the addition of "good governance" and more guidelines for program priorities, the design lacked specificity in program expectations, especially in terms of outcomes. The evaluators needed to develop performance measures, sufficient to maintain program flexibility and responsiveness, and to do this in partnership with SIGMA.

The M&E service to the program had to take into account not only the rapidly changing transition context of each country in the Region. It also had to incorporate explicit recognition that small, "low-risk" interventions in support of public administration reform and "good governance" in particular, were small steps contributing over a varying time continuum to reforms and *capacity building rather than a specific product-oriented process*.

II. PECAT Approach/Strategy

The SIGMA 2 program was underway six months when PECAT began to provide 18 months of M&E services. This meant having to "catch-up" with established management systems and identify opportunities where the M&E contribution could be the most effective. The work was divided into four phases: 1) setup, management information and institutional arrangements; 2) regular monitoring; 3) interim evaluations and preliminary findings; and 4) final program evaluation. This part of the paper describes the adopted methodology, data collection and analysis.

A. Methodology

It has been said, evaluation is an art and consists of selecting the right mix of methods, procedures and measurements. In the SIGMA monitoring and evaluation work, this meant formulating approaches and M&E methods which would meet the M&E objectives, resolve certain methodological constraints and enable both management and evaluators, as partners, to improve their respective functions.

The objectives of PECAT's work were to:

- a. improve the effectiveness and efficiency of SIGMA in implementing the assistance program by providing SIGMA's management independent monitoring and evaluation of program performance; and
- b. develop program M&E tools worthy of replication by exploring the application of performance measurement and participatory evaluation.

To address these objectives, the evaluation strategy consisted of four different perspectives:

- i) assessment of SIGMA program design;
- ii) assessment of performance in terms of meeting the programming and management directives resulting from Liaison Group decisions;
- iii) assessment of performance, on a program-wide level, in terms of standard evaluation criteria (efficiency, effectiveness, significance);¹⁰ and

¹⁰ These terms were defined as follows:

efficiency: whether the outputs justify the cost, whether there are alternative means of achieving similar outputs;

effectiveness: how well are benchmarks and outputs being met in a constantly changing environment, what is the quality of service responsiveness to country needs, what are the causes for success or failure;

significance: will program achievements contribute to reform or other higher (broader) goals

- iv) assessment of performance in terms of six specific service performance measurements at the output level.

The measures which SIGMA agreed upon were:

- *Follow-up/Phasing*: The extent to which SIGMA intervention within one project is related to and build on earlier interventions within a reasonable, appropriate time frame.
- *Penetration*: The extent to which the benefits of SIGMA actions are spread, horizontally and/or vertically, beyond the immediate client or participation level.
- *Cooperation with other donors*: The extent to which SIGMA reaches out to other donors to achieve complementarity, to participate in, to build upon, or in some way connect to a SIGMA intervention.
- *Ownership*: The extent to which the actions are defined and driven by the client for whom SIGMA provides services.
- *Cost-efficiency*: Relates to the comparison of the relative magnitude of costs among sample projects, and with the apparent value of outputs (or likely benefits) of similar initiatives supported by other donors (while recognizing the typology of the SIGMA organization).
- *Contribution to the continuation of the reform process*: The extent to which SIGMA interventions promote and keep active public administration reform (Keeping the "ball" active).

A series of questions were formulated which stakeholders and SIGMA wanted answered for different monitoring, interim assessment and final evaluation reports. These provided the evaluators guidelines on what data was needed and when.

The evaluators addressed certain methodological concerns which could contribute to the introduction in SIGMA of objective standards for monitoring and evaluation. Among these were the treatment of baseline data, use of program performance measurements, and assessment of partial versus total program coverage. Annex 2 describes how these issues were treated.

Finally, a major methodological aspect which permeated the M&E work concerned developing a partnership with SIGMA. Every aspect of M&E design and major implementation tasks were jointly reviewed. SIGMA provided invaluable support and insight with regard to data availability and collection. PECAT demonstrated the importance of more rigor in specifying project expectations in measurable terms. Points of difference such

beyond the program objective, what are the strengths and weaknesses of the program over possible alternatives, what side effects may be occurring.

as use of sector and country PAR measurements were generally resolved. PECAT products were timed to correspond to SIGMA and PHARE decision-making periods and events.

B. Data

The M&E work was organized to collect data from four sources: i) secondary data from key and selective SIGMA documentation and primary data from interviews with SIGMA staff; ii) secondary data (all available) from documentation, specifically related to the sample and primary data from interviews with SIGMA staff and others (clients and donors involved in the fifteen sample projects); iii) primary data from questionnaires directed to persons who participated in SIGMA sponsored conferences and workshops; and iv) primary data from 211 interviews with both clients and other donors to elicit ratings of SIGMA products and performance.

Review of SIGMA documentation, the first source of data, highlighted strengths and weaknesses in performance management. This work provided a close view of the diversity of client requests: e.g. a technical query requiring on the spot response, research of the most suitable approach in organizing a cabinet office, options to procure expertise in designing a procurement system, developing capacity to prepare for EU accession, etc. This experience led to selecting a representative sample of SIGMA services on which data could be collected at project level and subsequently related to program impact. Data collected from participants of SIGMA sponsored conferences and workshops indicated client satisfaction also at project level. This data was then combined with data from interviews from a wider audience.

SIGMA and the evaluators encountered difficulties at times during the data collection. Process. However, it also contributed to a better understanding of respective needs and capacities during the M&E partnership.

C. Analysis

Bearing in mind the above considerations, the evaluators adopted the following combination of analytical techniques:

- 1) project design analysis
- 2) strengths, weaknesses, opportunities and threats (SWOT) analysis
- 3) a statistically random sample of projects
- 4) judgmental assessment

Use of Project Design

The SIGMA program consists of a set of resources and activities directed toward objectives articulated in the SIGMA Mission Statement and the Conventions signed with program supporters, especially EU/PHARE, other relevant SIGMA program design documents approved by the SIGMA Liaison Group and the OECD/CCET. The analytical activities involved monitoring and evaluating the application, utilization, response of SIGMA and its resources in relation to the SIGMA program design. Initially, the task required the review of all relevant documentation to "assemble" the project design. Subsequently, an assessment of performance was made of the use of "inputs" (financial, human and material) and the production of "outputs" (results generated directly from the utilization of inputs i.e. provision of services).

For the bi-monthly monitoring reports this analytical technique provided useful feedback to SIGMA to permit follow-up and corrective action. The major data sources consulted for this purpose were SIGMA Monthly Activity Reports and persons interviewed - when possible. For the two interim assessments (October 1995 and February 1996) and the final evaluation report (July 1996) the analysis included examination of performance in relation to efficiency, effectiveness and significance. It combined data on inputs and outputs as well as customer satisfaction at project and program outcome levels.

Use of SWOT

To apply this technique it was necessary to identify and develop variables reflecting SIGMA service related performance. The analysis consisted of determining SIGMA's SWOT profile using these SIGMA-PECAT agreed upon variables. The technique proved particularly useful for the case studies as well as for examining program impact.

Use of Project Sampling

During the period of review, SIGMA was involved in approximately 135 projects. Instead of trying to examine all projects, it was decided to select a mathematically random sample to assess program performance at project level and from these results determine the implications on program impact. To draw such a sample of projects, the following M&E considerations were taken into account:

- M&E must be cost-effective;
- the risk of overall evaluation errors must be very limited (1%);
- the evaluation risk is a product of inherent risk, internal organization and sampling risk;
- mathematical sampling is a generally accepted evaluation technique; and

- the ongoing nature of monitoring and evaluations allows for adjustments and extended assessments in a following period.

Two samples at different intervals (August and December 1995) were chosen. The sample size was calculated on the basis of the principle that the reliability of this assessment should be at least 80% (i.e. 20% sample risk). Furthermore, to emphasize the requirements for the cost/benefit analysis of SIGMA projects, a monetary unit sampling method was used so that more costly projects would have a higher probability to be selected as part of the sample. The sample size from the combined two selections amounted to 15 projects, representing 23.3% of the total direct program costs. The sample also had good representation by country and by sector. Annex 3 contains more detailed information on the sampling process.

To complement the sample data, the major forms of SIGMA 2 project interventions were also mapped to determine overall program service intensity by sector, spread of projects and trends. This provided a profile of the type of services SIGMA customers requested.

Use of Judgmental Assessment

As project data in the sample sometimes had omissions, the evaluators thought it necessary to complement the analysis of project performance with judgmental assessment. This approach does not involve collecting a great deal of new data or analyzing masses of existing data, techniques which are expensive and very time-consuming. It is an approach which estimates program impact and is particularly suited to programs when the judgmental assessment was carried out by combining different data sources, including the satisfaction rates. limited M&E funds are available, when no pre-intervention measures exist, so that reflective controls cannot be used and when neither randomized nor constructed controls can be used. In this approach, the judgements of presumed experts, program administrators or participants play the major roles in providing estimates of net impact.¹¹

The judgmental assessment was carried out by combining different data sources, including the satisfaction rates. These "information inputs" were then analyzed in relation to each other to identify patterns of similarity in judgement and triangulation. These results were then "weighed" by the evaluators to provide an independent assessment.

¹¹ See Peter H. Rossi and Howard E. Freeman, *Evaluation a Systematic Approach*, "Strategies for Impact Assessment", Newbury Oak, CA:1993, pp. 215-259

III. M&E Outcomes and Lessons Learned

As noted at the beginning of this paper, the provision of assistance under the SIGMA program as well as monitoring and evaluation services constituted an unique experience for customers, program staff and advisers, stakeholders and evaluators. The contextual dynamics and near "virgin" territory for recipients and donors to embark on paths of change, often poorly defined, provided an exciting challenge. The "inputs" provided to public sector reform take time to produce and manifest the expected outputs and results. Hence, outcomes resulting from these partnerships will be found, in many respects, still in the future.

This part of the paper summarizes the main known impact of the SIGMA program, describes the involvement of SIGMA and PECAT as partners and reviews the relations of stakeholders and customers in the M&E function of the program. The chapter supports the research of others that "the form of, and resistance to, effective performance monitoring systems is contingent on the relevant organizational considerations and the related environment."¹²

A. Achievements

Bearing in mind the changing face of transition in the CEE region and individual countries, SIGMA 2 continued to provide services assessed successful in terms of efficiency, effectiveness, significance and program impact. Project design expectations, despite being vague at times, were attained. The pattern of services rendered, by sector and type of activity, did not substantially change over time. All eleven countries were covered by SIGMA interventions, the main kind being missions (travel to provide advice), study tours and workshops, seminars and/or conferences. Table 2 summarizes such assistance by country and month.

Efficiency: A comparison of the relative efficiency of different interventions shows that SIGMA service costs can be considered reasonable compared to similar efforts supported by other donors. Multi-country activities (generally training efforts for more than one country recipient) rank expensive with the meetings of the Liaison Group being the most costly. SIGMA has made an effort to diversify its sources of program funding, which improved overall efficiency in resource utilization. However, the overall dependency on PHARE has not diminished nor has SIGMA shown a high sensitivity to cost considerations when using "expensive" experienced Western practitioners. More attention to finding specialists in the

¹² John Mayne and Eduardo Zapico-Goñi, eds. 1997. *Monitoring Performance in the Public Sector*, New Brunswick, USA: Transaction Publishers, p. 19.

Table: Summary Map of Sigma Actions, June 1994 - May 1996

Table: Summary Map of Sigma Actions, June 1994 - May 1996																									
	VI	VII	VIII	IX	X	XI	XII	I 95	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I 96	II	III	IV	V	
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Lithuania				○ ¹ □ ¹	○ ²	○ ²			○ ¹ ○ ¹						○ ¹			○ ¹ ○ ¹							
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Multi-country	△ ²		△ ¹ △ ¹ △ ¹				△ ¹			△ ²		△ ¹		△ ¹		□ ¹	△ ¹		△ ² △ ³ △ ³	△ ³	△ ⁴	△ ²	△ ²		

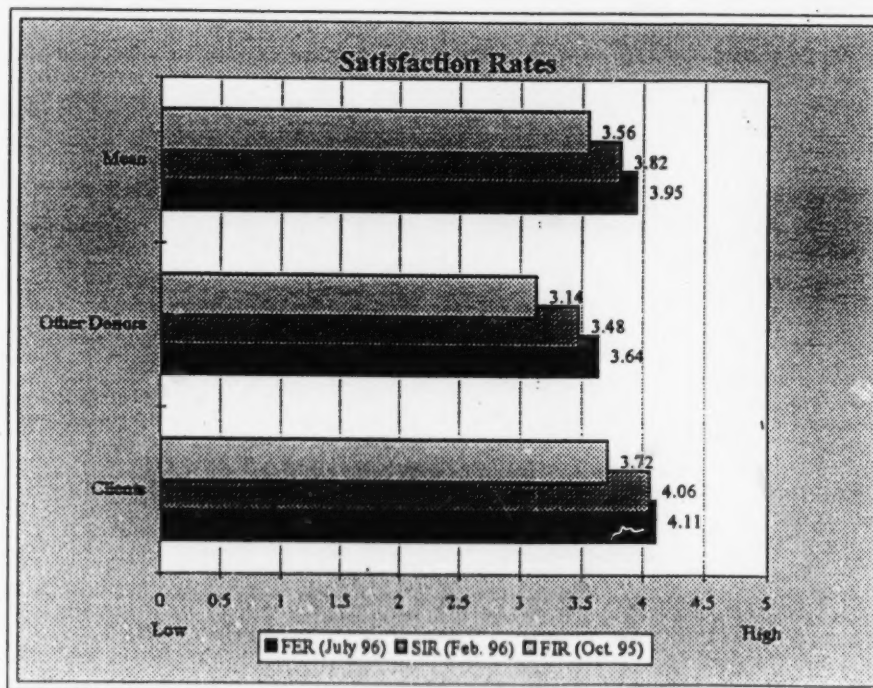
- - missions
- - study tours
- △ - workshops, seminars, conferences

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region and involving clients in preparatory project planning were areas of weakness in keeping costs down.

Effectiveness: Although there were limited weaknesses in efficiency, SIGMA 2 improved consistently, during the eighteen months of M&E services, the positive client satisfaction identified in phase 1. Over 150 interviews among clients and donors were carried out and resulted in "satisfactory" to "very satisfactory" ratings. SIGMA direct clients and counterparts showed continued and growing appreciation of the program's assistance while donors lagged slightly behind in these ratings, as can be noted in Figure 1.

FIGURE Satisfaction Rate



Participants who attended SIGMA sponsored seminars, workshops and conferences rated the quality of service inputs (expert presentations, documents provided) as high in 70% of cases, with the rest being judged as medium. For projects implemented in only a single country, the satisfaction rates for the quality of organization and documents provided by

SIGMA were "high" in 83% of cases while expert presentation received unanimous high ratings. Hence the high appreciation of the program is evident, even when considering some participants made modest financial gains and donors had at times insufficient data to rate SIGMA.

Among the "input" factors contributing to the high rates of satisfaction were: SIGMA's high quality of in-house expertise, use of the PUMA connection and network of external experts and practitioners (e.g. peer reviews of draft laws, sharing experiences on EU accession), turning to external experts from the region for services to countries further behind in their transition achievements (10% of total consultancy days, the balance being from OECD countries), and seconding young CEEC professionals to SIGMA for short- to medium-term assignments. The most recognized "outputs" by SIGMA clients included multi-country events; opportunities to develop networks of practitioners and experts within CEE; SIGMA publications and wide dissemination of monthly reports, a quarterly newsletter (*Public Management Forum*), public management profiles, and other technical and marketing products; and a "reference library" of laws and regulations (for comparative purposes) and over 2,000 items of particular interest to CEECs. The multi country events especially provided opportunities for CEE participants to learn from each other about the potential of specific reforms and how further to use SIGMA service and to develop their respective approaches to PAR. These events also proved successful in initiating interest in PAR, an important development for when this had low priority. To promote complementarity in program operations, SIGMA contributed successfully to better strategic use of the available mix of assistance to PAR in the CEECs. The program also helped accelerate preparatory work required to initiate national assistance programs to PAR by other donors.

SIGMA also improved its own image, becoming better known in the region among clients and donors, especially PHARE. The monthly reports provided prospective information, an indicator of more internal planning than mere response to requests.

Besides these effective program and management results, SIGMA fell short in meeting certain expectations. For example, coordination of PAR initiatives among donors could have been stronger and prevalent in more countries. While there were examples in which SIGMA was known to have been the main coordinator, at PHARE the opinion continued that the program attained less than was desired. Another weakness related to being able to demonstrate more clearly how SIGMA outputs resulted in specific PAR initiatives. The program continued to resist developing PAR progress performance reports by country and sector (considered too sensitive a matter). Hence, SIGMA effectiveness could be measured more in the quality of service delivery, which was highly valued, but less in substantive program outputs and could not be easily aligned to context and PAR movement.

Significance: SIGMA has encouraged, nurtured and assisted the PAR process in the CEECs and its clients considered the program made a "significant difference" in the pursuit of its mandate of "good governance". Operating often in an unstable, politicized environment, the value of SIGMA responsiveness to client needs has been sometimes offset by the tendency to optimize windows of opportunity rather than pursue more actively PA reforms or coordination among donors in the area of PAR. As a result, SIGMA has not yet been able to achieve the expected catalytic role by contributing to limit the fragmentation, on both the recipient and donor sides, of PAR initiatives.

Despite the lack of country-specific PAR program performance indicators, already mentioned, which made it difficult to assess the "value-addedness" of SIGMA in reference to PAR movement, progress in achieving certain PA reforms and/or sustaining the dynamics of reform and agenda has been attributed to SIGMA service provision. SIGMA raised the priority and visibility of PAR in the CEECs by promoting the establishment of reform cells in the relevant country central government administrations. As a result, many countries formulated national PAR strategies with SIGMA assistance, which otherwise would have occurred later or not at all. The following reviews by sector more specific results attributable to SIGMA.

Among the most wide-reaching efforts, in the area of Country Reform Strategy (*Sector 1*), has been SIGMA's support to the Polish Government Plenipotentiary for State Economic Administration Reform where a comprehensive structure was elaborated and was adopted by the Sejm in June 1996. Similar, though perhaps less comprehensive, was SIGMA support to organize the functions and operations of the Latvian Government chancellery and the Albanian Prime Minister's office. These SIGMA contributions were identified by government officials as being of critical importance.

Contributions to the Management of Policy Making (*Sector 2*) are illustrated by SIGMA's pioneering work on internationalization of policy making with particular emphasis on the coordination of policies related to European accession. Significant SIGMA interventions were a series of seminars, conferences and experience sharing events which focused on different aspects of the political and administrative process¹³ and the preparations the CEECs would have to begin to undertake.

In Expenditure Management (*Sector 3*) SIGMA is recognized to have brought about CEEC awareness (together with the International Monetary Fund and the World Bank) to: 1) establish the integrity of the national budgets; and 2) capture control of all public money

¹³ For example, multi-country workshop on the Internationalization of Policy-making, a workshop on CEE governments' capacities to coordinated domestic and international (particularly with regard to EU accession) aspects of policy-making.

in a single account with a centralized payment system under the control of a Treasury as well as the implications of such a move for further reform needs.

Currently the documents on PAR, drafted in CEECs more frequently include reference to and/or emphasis on the relationship to budgetary and financial management reform. SIGMA was particularly active in promoting this approach and emphasizing such a linkage.

During the early period of SIGMA 2, assistance to the development of national procurement systems (based on international standards) provided a foundation for PAR in this sector. SIGMA successfully organized interventions through which Western as well as CEE (Polish) experiences could be shared among CEECs. The multi-country work served to place public procurement "on the agenda" and to raise awareness of a sequence of related policy and implementation issues.

The reform of Civil Service (*Sector 4*) was considered, since the inception of SIGMA, as among the more critical concerns to the overall PAR process. Assistance focused in the beginning on training systems for top civil servants, then it moved on to the establishment of civil service laws (including reform of pension, career development and remuneration systems), and most recently to staff reduction and administrative modernization. As other donors, particularly PHARE, are active in the area of training in public administration, SIGMA focused on optimizing strategies and the content of training as a means for improving performance capacities in public services.

With regard to SIGMA's Sector 5, recent increasing client priority attention concerning administrative control and administrative procedures and oversight institutions led to the preparation by SIGMA experts of technical papers on systems in these areas in EU and five selected CEE countries (Albania, Bulgaria, Estonia, Hungary and Poland). This work provides the CEECs and interested practitioners with reference material and a certain PAR-baseline which hitherto was unavailable.

The relevance of the objective of SIGMA is supported by two important developments. First, the simplistic anti-state mentality in CEE countries in the early days of transition has gradually been replaced by a more mature understanding of the role of good governance for democracy and an efficient and competitive market-economy. Second, the European accession has already become a drive which propels countries in transition to prepare their respective pre-accession strategies which both include and depend on PAR. As a result, the second phase of transition holds greater chances for actions aimed at good governance. Given the fact that SIGMA is one of the few assistance programs in the region specialized in providing support to the reform of core management systems, the objective of SIGMA continues to be relevant.

From the perspective of performance monitoring, the achievements and limited shortcomings of the SIGMA program show that a public organization with high uncertainty (in context, customer demand, funding) and complexity of tasks can benefit from the gradual introduction of performance measurement. The experience would suggest the need for continual refinement and updating to maintain their significance.¹⁴

B. Involvement of SIGMA

While SIGMA 1 followed monitoring processes, producing periodic reports and even attempting to carry out project design principles, the program had not developed a sense of performance management in the most recent sense of the meaning. The fluid context in the early years combined with the realities of mounting a new service to a clientele largely unknown by the West established patterns of operations which gave low priority to documenting service delivery in a performance measured way. The conditions under which SIGMA developed were marked by confounding factors which made defining, monitoring and use of performance measurement at times difficult: uncertainty, diversity, interdependence and instability.¹⁵

These factors gave rise to difficulties in designing and implementing performance monitoring for SIGMA 2. Uncertainty played an important part in terms of determining the relationship between SIGMA outputs and outcomes, especially with regard to PAR. The external changing environment, over which SIGMA had no control, evoked preferences by management to keep the performance monitoring focus on outputs rather than attempt to envision possible reform outcomes which had high risks of ever happening. Diversity was prominent in the number of multiple customers and their divergent interests in each of the eleven countries but also among them and over time. SIGMA often was caught in the middle when there was no consensus on goals and values, leading to the provision of services which focused on very small rather than broad reform actions. This made defining success a problem and obtaining agreement on program performance indicators illusive. It has been observed that such lack of consensus on policy objectives of reform or even conflicting basic values might explain why more progress often occurs in defining measures at service level (Mayne and Zapico-Gofi, eds. 1997).

Factors relating to interdependence meant taking into consideration the actions of SIGMA clients as well as other donors. Hence, one important indicator for service delivery was the

¹⁴ N. Carter, 1991. "Learning to Measure Performance: The Use of Indicators in Organizations," *Public Administration* 69: pp. 85-101.

¹⁵ These factors were identified through a literature review and discussed in Mayne and Zapico-Gofi, eds. (1997).

extent to which projects reflected coordination with other donors and/or customers. This became particularly difficult in countries or institutions with high instability for political, financial or other reform reasons. The M&E work demonstrates that the four confounding factors explain in large part resistance to and difficulty in defining and implementing performance monitoring — a conclusion similarly reached by Mayne *et al.*

The evaluators sought to involve SIGMA management and staff to adopt a continuous and interdependent learning approach to managing their operations and incorporating performance information generated by the M&E work, seeking whenever possible to overcome such confounding factors.

A detailed work plan was prepared by the evaluators and approved by SIGMA which included as a first joint activity a workshop. It was held to convey M&E concepts and methodologies to program staff and management and to begin developing the partnership for building performance monitoring and ultimately performance management. The objective was to ensure both partners would have a common understanding and involvement from their respective roles with regard to what would be measured, what data would be needed, how the analysis would be conducted, and what would be reported. It was decided the bi-monthly monitoring products would provide SIGMA performance information suitable to daily operations while the interim and final reports would assess periodically performance related to outputs and impact. SIGMA in turn would provide not only necessary data but also alert the evaluators to special requests from clients which would benefit from the presence of an independent observer. The involvement of SIGMA in defining this partnership helped build trust and a sense of what information needed to be shared. Eventually, a common understanding evolved, on these matters which allowed both sides to carry out their respective functions without having to explain the reasons of why the data was necessary or how it would be used.

Another major objective of the workshop was to attempt to get SIGMA to define service and program performance measures as opposed to having the evaluators establish ones, which later would have little ownership and most important utilization in program decision-making and service delivery. Initially, these efforts were only marginally successful. Staff and management acknowledged the need and potential use of performance monitoring; however, they had great difficulties in defining measures relevant to the services they rendered and program delivery, in general. Distances between the location of SIGMA (Paris) and the evaluators (Warsaw) also posed constraints on follow-up and continuing the dialogue. The suggestions which emerged became the nucleus upon which it was possible to build and refine the performance measures and particularly use them in the first interim-assessment.

Subsequently, the evaluators conducted their first series of on-site data gathering in the eleven program countries. SIGMA also encouraged the evaluators to schedule their visits to countries in such a way as to allow evaluators to attend program single- or multi-country events. This gave opportunity to observe SIGMA in action and to interview clients on the spot. The visits were followed up with a rapid appraisal of participants in similar events, the review of case studies and the consolidation of analytical work.

After a draft interim report was shared with SIGMA, it became evident to management and staff how the results can be used for improving operations and reporting to SIGMA stakeholders. The evaluators had succeeded in establishing jointly six performance measures of services (see page 15). These measures became accepted by SIGMA as appropriate for monitoring and evaluating services and delivery.

The **major lessons learned** from the different M&E efforts in so far as involving SIGMA were that: 1) it is better to accept a lesser objective with a partner and seek internalization of this than to insist on a broader aim, which is less achievable in the short-term, 2) it is important to address the priority concerns of stakeholders regarding performance monitoring, even if these have different value to the subjects of evaluation (i.e. SIGMA customers and SIGMA staff) and 3) it is difficult but not impossible to address confounding factors to demonstrate the process of performance monitoring, even when not perfect and produce results for program improvement.

For the *first lesson* the issue concerned reaching agreement with SIGMA on defining performance measures for outputs and outcomes. Given the confounding factors discussed above, it is not surprising that SIGMA chose to agree on developing indicators limited to service delivery. A dialogue ensued to establish service indicators which SIGMA considered suitable. Among the more difficult measures upon which to reach agreement were cooperation with other donors, ownership (of the interventions and results) and the contribution the interventions provided to the continuation of reforms. However, once the six service measures had been accepted by SIGMA, data collection and analysis became easier and SIGMA was interested in and began to use M&E outputs produced in this framework. In the recommendations of the evaluator's final report, PECAT urged SIGMA to re-examine the issue of program outcome performance measures. The evaluators also proposed consideration of three other indicators: 1) "catalyst" role of SIGMA, 2) diversification of financial support, and 3) substantive technical (sectoral) capacity to anticipate maturing/more complex client needs.

With regard to the *second lesson*, PHARE, the main financier of the program, had several main priorities: to be able to have evidence which demonstrated accountability, cost-efficiency and coordination. These issues were important to SIGMA but of less priority than customer satisfaction and the internalization of program improvement. The evaluators

and SIGMA had to reach agreement on how best to balance the different interests and values. The six service indicators included PHARE concerns and a comparison of assistance programs with other donors was made to ensure SIGMA was "good value".

Lesson three highlighted the partnership experience between SIGMA and the evaluators in so far as finding ways to address factors over which SIGMA had no control and provide tangible performance monitoring tools to manage the changing customer needs. As a result of the first two lessons, SIGMA and the evaluators came to make progress on how to treat the confounding factors of uncertainty, diversity, interdependence and instability. The monitoring reports identified short-term constraints and provided SIGMA opportunity to take corrective action before more serious problems developed. This meant the M&E reduced to a certain extent the uncertainty and instability faced by the program by allowing SIGMA to adjust or adapt its services. From the interviews and rapid appraisals, it was possible to obtain satisfaction rates which clearly demonstrated to SIGMA, stakeholders and customers that the program had an extraordinary appreciation. The analysis also helped identify the kinds of services customers considered of greatest benefit, thereby providing SIGMA information on trends, potential new frontiers and ways in which diversity and interdependence could be better addressed. Such feedback on performance increased SIGMA confidence as well as that of customers and stakeholders.

By the end of the formal M&E period, SIGMA was better equipped to understand the data collection needs and options available for continuing to obtain such information. Staff had reviewed existing formats of designing and monitoring project interventions and developed new forms which internalized the use of the performance measurements into daily operations.

C. Involvement of Customers and Stakeholders

Under communist times, there was no monitoring and evaluation tradition. Performance monitoring and data collection served very different purposes. When assistance programs began to operate in the region, the concepts of "project", design, monitoring, implementation and evaluation had to be introduced to recipients. The transfer of this new management culture and related performance management principles, methods and instruments was seldom incorporated as an integral part in the assistance packages.

SIGMA "customers" consisted of two groups: the country representatives forming the Liaison Group and the actual end-users of assistance. When the evaluators began to interview customers, much of the time had to be devoted to explaining the M&E function and the importance of frank, reliable data collection so that SIGMA could better provide relevant, quality services. The real beneficiaries from this kind of primary data collection and attempts at involving customers in the M&E work were the end-users of SIGMA

assistance, even if the exposure was limited. As the national representatives to the Liaison Group changed virtually every year from country to country. The evaluators could not safeguard meeting the representatives to provide elements for their learning or performing better the function of the Steering Committee of the program. The reports generated from the data collection provided at least a base for Committee members' understanding better the program and for taking decisions on policy matters. The evaluators in turn had no scope in their contract to further involve the end-users or the country representatives -- an opportunity which could and should have been expected for follow-up after the formal M&E work ended.

Finally, a significant lesson learned from the M&E experience relates to customers beginning to learn from each other. As more and more information became available to customers from SIGMA and the evaluators, the realization developed that needs, approaches, strategies, and solutions to given reform problems often had more in common with the CEE countries than with some in the West. As a result, the request for multi-country events and/or expertise from the region increased and sometimes even moved outside the program. For example, the Romanians invited at their own cost Poles for work in oversight (sector 5) and procurement (sector 3); Hungarians went to Slovenia on procurement work; and Latvians participated in study tours to various CEE countries.

IV. Concluding Remarks

The SIGMA and PECAT partnership proved unique in the assistance experience to the CEE countries and valuable in contributing to the growing application and study of performance monitoring. In the broadest sense the work illustrates that an enabling environment for M&E requires senior management commitment and willingness to learn and that performance measures need to be defined for both service and program delivery. The need from the beginning for significant involvement of program customers in M&E and provision of adequate resources for M&E services and functions also emerged as important lessons.

While these findings have been encountered in other contexts they provide additional evidence of their generalizability.

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ANNEX 1

EVOLUTION OF SIGMA 1 AND 2

EVOLUTION OF SIGMA 1 AND 2

For ease of reference, this Annex provides brief summaries of the Program Orientations of SIGMA 1 and 2.

Program Orientation SIGMA 1 (11 March 1992)

Mission Statement

Support the development of efficient and effective public institutions which can sustain market economies, provide a base for democratic pluralist systems of governance and implement public policies.

To achieve this, SIGMA would aim to:

- build up **central government capabilities** to develop and coordinate policies, to manage the evolution of public institutions and the public service, to carry out resource management and control functions;
- encourage central management agencies to promote reform in public bodies responsible for **delivering public services** in priority areas.

It would also promote cooperation and networking, undertake studies, and facilitate sharing of experience on the transition, on a **regional basis**.

Process

- Missions to the 5 (now 6) recipient target countries to identify:
 - contextual situation
 - state of reform in public administration
 - key targets of transformation strategy
 - priority areas for SIGMA support
 - comparative advantages of SIGMA in relation to other support programs
- Discussion within the SIGMA Liaison Group, based on mission findings, in order to determine content and strategy for SIGMA support activities
- Implementation

Key Targets of Transformation Strategy

Substantive reforms should aim to:

- a) strengthen policy-making capacities, improve quality of legislation, introduce implementation planning, improve the ability of governments to direct resources to priorities while respecting budget limits;
- b) enhance the ability of the public and governments to guide and control administrative activity and keep a balance between the extent of administrative discretion and the instruments of control;
- c) ensure that a firm base of 'rule of law' institutions is established as soon as possible; and
- d) create a limited core of stable, institutionalized, competent, neutral professional public servants who have an ethical framework and a 'public service mentality'.

Tactically reforms should:

- e) use the principle of selective radicalism (concentrate change resources to bring about radical change in a few areas where interdependencies will force other parts of the system to respond);
- f) deliver improvements within politically relevant time-scales in politically relevant areas; and
- g) be mutually supportive and create a momentum for change which can continue through changes in leadership.

Priority Areas for SIGMA Support

- i) Management of Policy-making; Strengthen the policy coordination and legislative review system
- ii) Expenditure Management; Strengthen the system for allocating and controlling public resources
- iii) Public Service; Create a neutral, competent, professional, stable public service
- iv) Administrative Control; Reinforce institutions exercising control over administrative actions.

Condition Setting

- generate sustained political attention for reform
- avoid over politization of reform
- elevate the transformation of public institutions to status of policy domain
- create public administration- or central reform unit, located at the centre of Government

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- develop wider understanding of and interest in civil society in order to provide both continuity and pressure for change
 - coordinate external support

Methods of Work

- traditional forms of TA (training, consultancy, seminars, etc.)
- second SIGMA staff member and possibly other consultants, for longer periods, to key institutions (central reform unit) responsible for PAR and central policy coordination
- responsive to fast-changing needs
- support self-diagnosis as preliminary to reform
 - generate analytical profile of public sector with analysis of strategic directions for reform to be used as input for national reform programs and orient SIGMA support
- work with NGOs to ensure continuity and create a climate of opinion and understanding
- use of regional approaches

Program Orientation SIGMA 2 (19 October 1995)

Program Work Areas (Activities)

- 1) Reform of Public Institutions
 - Countries which are further ahead on macro-economic stabilization have identified institutional reform as the next priority.
 - 2) Management of Policy-Making
 - Organizational arrangements of policy-making need strengthening. Policy-making has to be made more cost-effective, user-friendly, transparent, participatory and less open to abuse.
 - 3) Expenditure Management
 - Reform of budgeting is necessary to reform of administration: without budget reform administrative reform might be blocked.
 - 4) Management of Public Service Personnel
 - The management of people has to be reformed to establish a professional, efficient, merit-based, impartial and non-corrupt public service, serving the collective government.
 - 5) Administrative Oversight
 - A major threat to new democratic systems is the re-emergence of old patterns of behavior - corruption, abuse of power, arbitrary decision-making, etc.
 - 6) Information Services
 - New aim for SIGMA 2 is to improve sharing of information on public administration.
- Main theme: *In search of good governance*
 - Broader subject than SIGMA's focus on core management systems. However, these systems are vital tools which democratic governments use to generate well-performing public functions.
 - "Modernization" rather than "reform".
 - SIGMA's approach is based on OECD experience. OECD governments use the levers of core management systems - policy-making, personnel management, expenditure management and administrative oversight. In the transition countries these central (core) management systems have to be build up.
 - How can SIGMA contribute to the search for "good governance"? The program's priorities are to help:
 - install effective public management systems;
 - improve the balance between managerial and legal reform, and strengthen capacities to implement reform;

- clarify relations between institutions of the State and levels of government from the perspective of central management systems;
 - orient administrative reform so that it contributes to achievement of economic, social and foreign policy goals; and
 - improve flows of information about administration.
- Current funding is about 60 percent of requested level. In order to cut areas of work rather than reduce the level of involvement, the program will focus on only three areas and the Information Services.
 - Of the core management systems, SIGMA's priorities are for Management of Policy-Making (2), Management of Public Service Personnel (4), and Expenditure Management (3).

Working Methods

- SIGMA's work will continue to be guided by the following values:
 - responsive to needs in countries as they develop;
 - use of high-quality experts;
 - exploratory approach, with no preferred models; and
 - sense of partnership
- SIGMA will enhance the basic resource of SIGMA's professional staff, use more experts from the transition countries, and ensure access to administrative law experts.
- Where useful for practitioners, SIGMA will do more documentation-gap filling work for "shared consumption".
- SIGMA will devote more effort to marketing to ensure that outputs are used. Possible marketing methods: organizing briefings for Parliamentarians, or working with the media.
- Multi-country work will be less frequent and with a narrower focus. They may be designed around the interests of only a subset of countries.
- SIGMA will set up an information service to ensure better knowledge of SIGMA itself and the outputs of its activities with the following four components:
 - newsletter on public administration and donor activity;
 - updated and extended country profiles;
 - documentary base for consultation; and
 - distribution service for SIGMA and PUMA material.
- SIGMA will aim to upgrade its cost-efficiency by searching for best discounts for tickets, higher counterpart contributions, and payment for SIGMA services.

Collaboration with other donors

- SIGMA was set up with the objective of helping countries use donor resources better and to foster collaboration. Mechanisms for doing this are:
 - The Liaison Group itself (brings together donors and recipients);
 - Information produced under SIGMA 1, especially the country profiles;
 - Help "package" projects for financing by other donors, and also help the beneficiary country to manage such projects. This service of SIGMA will be developed further; and
 - Participate in projects of other donors and have resources from other donors or multilateral organizations participate in SIGMA projects.

Development of SIGMA Organization

- SIGMA will be organized in such a way that each Activity will be implemented by a unit of one senior counselor and two or three advisers, plus support staff. The Information Services Activity will have one professional and one support staff.
- SIGMA will maintain a country service function and will phase out in-country staff.

Targets for the end of the Mandate

- As its contribution to national reform programs, SIGMA should have achieved the following:
 - provided valued, cost-effective inputs to national reforms;
 - be recognized as a source of expertise by countries and donors;
 - consolidated a responsive and cost-effective mechanism for delivering services to CEEC's;
 - established a information service, linked to professional communities and institutions in CEEC and G-25 networks; and
 - because it has been judged a cost-effective support to countries in transition, generate stable, efficient and sufficient financing arrangements for SIGMA 3.

ANNEX 2
METHODOLOGICAL CONCERNS

METHODOLOGICAL CONCERNS

Baseline: While it can be considered that the "baseline" for SIGMA constituted the introduction of interventions at base "Zero," the characteristics of this base varied extensively from country to country, sector to sector and even more so, from sub-sector to sub-sector. SIGMA 1 developed with the SIGMA Liaison Group on 11 March 1992 a Program Orientation document which among other matters surveyed the needs for and obstacles to administrative reform in the six countries of the program. Subsequently, SIGMA 1 began to establish a "conceptual base" for dialogue within each nation on specific problems of reform through the regional workshops. SIGMA Country Profiles further defined the broad public management context for the eleven SIGMA countries. This documentation provides the broad parameters of the "base" which SIGMA sought to change.

Program Performance Measurements: When SIGMA 1 was designed and developed, it had no precedents or ready-made measurements according to which performance could be readily assessed. By virtue of its nature and the changing context reality, the program had to learn what to do as it went along. Under these circumstances, it was recognized by the SIGMA Liaison Group and SIGMA's main funder, EU/PHARE, that only a demand drive approach over detailed programmatic design would work.

Hence, PECAT, in partnership with SIGMA, developed service related performance measurements which could inform management on quality if not on program performance and reform change.

Program Coverage and Causality: SIGMA is not the only provider of technical assistance for improving administrative reform. The contributions of other donors and national initiatives in this sector make these contributions "partial" program coverage efforts. This poses problems of causality and makes the M&E task so complex that it is realistically not possible to sort out which interventions have had which specific results. At the same time this complication is also a challenge to the evaluator. Therefore, it was decided to conduct two informal customer satisfaction appraisals and determine from clients the contribution SIGMA assistance had made. The appraisal results fell short of determining the specific overall program impact on public sector reforms by country and by sector.

ANNEX 3
SAMPLE METHODOLOGY

Sample Methodology

Sampling

The following risk formula was adopted for selecting the sample randomly:

$$ER = IHR \times IOR \times SR$$

Where the items in the formula have the following meaning:

- ER: Evaluation risk, the risk that the evaluation will come up with wrong conclusions
- IHR: Inherent risk, the risk associated with the type of 'business'. For example, in general the risk in banking and financing are larger than in farming or sheep raising. As a starting point a neutral position (50%) is acceptable, which can be adjusted in following evaluations depending on the findings that provide a more in-depth clarification of the nature of the risk that are inherent for the type of environment.
- IOR: internal organization risk, the risk that the internal organization with its in-built internal control mechanisms (written procedures, specialized control and audit bodies, management oversight, etc.) will or can not detect errors.
- SR: sample risk, the risk that a sample is not representative. This is a major criteria in the determination of sample size. The smaller a sample size, the higher the risk that the selected items are not representative.

The values in the risk formula that were adopted are as follows. PECAT's assessment of the inherent risk is neutral (50%). The assessment of the internal organization risk (based on PECAT's work in reviewing SIGMA/OECD procedures and interviews) is 10%. With a maximum evaluation risk of 1%, this led to the conclusion that a sample risk of 20% is acceptable (or following the above formula: 1% 50% x 10 % x 20%).

Sample Methodology

The sample was drawn in two occasions. For the first sample drawing the selected methodology was the monetary unit sampling method. In this method, the universe are not the items under review, but their related monetary units. There is an explicit bias in that items with larger monetary units (or more costly projects) have a higher probability to be selected in the sample. The sampling software selects randomly a number of francs out of this universe. On the basis of the risk, a sample size of 11 was calculated, so 11 random francs were selected. Those selected francs were related to 11 projects. It appeared that 3 francs were already selected, so that in fact 8 different projects were selected for in-depth evaluation.

For the second drawing, the methodology was slightly altered by taking into consideration the Sectoral proportions of indirect costs so as to ensure a more even Sectoral representation in the sample. The second sample consisted of 7 projects causing the total sample to be 15 projects.

Sample Description

The selection of the sample resulted in the following country and Sector distribution: The sample covers six out of eleven countries and five out of six Sectors. Together, the 15 projects represent 23.3% of all direct costs allocated to SIGMA interventions.